



General Assembly

January Session, 2011

Committee Bill No. 5355

LCO No. 4075

04075HB05355BA_

Referred to Committee on Banks

Introduced by:
(BA)

AN ACT CONCERNING MORTGAGE ESCROW PAYMENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-716 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2011*):

3 (a) Any mortgage servicing company which receives funds from a
4 mortgagor to be held in escrow for payment of taxes and insurance
5 premiums shall pay the taxes and insurance premiums of the
6 mortgagor to the appropriate taxing authority and insurance company
7 in the amount required and at the time such taxes and insurance
8 premiums are due provided (1) the mortgage servicing company has
9 been provided with the tax or insurance bills at least fifteen days prior
10 to the date such taxes and insurance premiums are due, and (2) the
11 mortgagor has paid to the mortgage servicing company the amounts
12 required to be paid into the escrow account, as determined by the
13 mortgage servicing company, for all amounts scheduled to be paid to
14 the mortgage servicing company prior to the date such taxes and
15 insurance premiums are due.

16 (b) Each mortgage servicing company shall, through its own effort

17 and expense, determine and notify the mortgagor of the amounts
 18 necessary to be paid into the escrow account to assure that sufficient
 19 funds will be available for the payment of such taxes and insurance
 20 premiums as of the date such payment is due. No mortgage servicing
 21 company shall require the mortgagor to pay more than the equivalent
 22 of the sum of one month's taxes and insurance premiums to be held by
 23 such mortgage servicing company as reserve funds for the purpose of
 24 covering any unanticipated disbursements that are required to be
 25 made prior to the mortgagor's regularly scheduled payment into the
 26 escrow account is available for disbursement.

27 (c) If the amount held in the escrow account as of the date such
 28 taxes and insurance premiums are due is insufficient to pay the taxes
 29 and insurance premiums despite compliance by the mortgagor with
 30 subdivision (2) of subsection (a) of this section, the mortgage servicing
 31 company shall pay such taxes and insurance premiums from its own
 32 funds. The mortgage servicing company shall then give the mortgagor
 33 the option of paying the shortage over a period of not less than one
 34 year. The mortgage servicing company shall not charge or collect
 35 interest on such shortage during the one-year period.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2011	36a-716
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Statement of Purpose:

To reduce the amount that mortgage servicing companies may require mortgagors to pay into an escrow account for the purpose of maintaining a reserve for the payment of real estate taxes or insurance premiums.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: REP. WILLIS, 64th Dist.; REP. COOK, 65th Dist.

H.B. 5355